

# **VietNam Holding Limited**

(an exempted company incorporated with limited liabilities in the Cayman Islands)

## **Unaudited Financial Statements for the six month period ended 31 December 2006**

VietNam Holding Limited  
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Copies of these financial statements have been sent to shareholders and will also be available, free of charge, from the offices of Grant Thornton Corporate Finance, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP or VietNam Holding Asset Management, Gartenstrasse 19, CH 8002, Zürich, Switzerland.

VietNam Holding Limited  
Key parties

**Directors**

Min Hwa Hu Kupfer  
John Joseph Hoey  
Professor Dr. Rolf Dubs  
Nguyen Quoc Khanh

**Registered Office, Company Secretary  
and Register**

CARD Corporate Services  
Fourth Floor, Zephyr House  
122 Mary Street  
PO Box 709 GT  
Grand Cayman, Cayman Islands

**Nominated Advisor**

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Grant Thornton House  
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London NW1 2EP, United Kingdom

**Nominated Broker**

LCF Edmond de Rothschild Securities Limited  
5 Upper St Martin's Lane  
London WC2H 9EA, United Kingdom

**Vietnam Sub-Custodian**

The Hong Kong and Shanghai Banking  
Corporation Limited  
The Metropolitan  
235 Dong Khoi Street  
District 1  
Ho Chi Minh City, Vietnam

**Investment Manager**

Vietnam Holding Asset Management Ltd.  
P.O. Box 3175  
Road Town, Tortola  
British Virgin Islands

**Administrator**

Credit Suisse Asset Management Fund Service  
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5, rue Jean Monnet  
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**Independent Auditors**

KPMG Audit S.à.r.l.  
31, Allée Scheffer  
L – 2520 Luxembourg

**Custodian and Trustee**

Credit Suisse (Luxembourg) SA  
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DLA Piper Rudnick Gray Cary UK LLP  
3 Noble Street  
London EC2V 7EE, United Kingdom



## VIETNAM HOLDING

### VNH Director's Report for Half-Year ended December 31, 2006

In the first half of fiscal 2007, VNH through our investment manager, VNHAM, started building a diversified portfolio positioned for long term capital growth which is supported by the buoyant economic outlook of Vietnam. By December 31, 2006 investments in securities was \$43.59 million at fair values, consisting of investments in the Industrial, Oil and Gas, Building Material, Food processing and Insurance sectors. Total Net Assets grew to \$115.79 million.

VNHAM's disciplined investment approach, guided by a well defined investing strategy that has been approved by the Board and shareholders of VNH, has resulted in the accumulation of listed and OTC shares in Vietnam. VNH also concluded its first transaction as we joined the rank of strategic investor of an investee company by acquiring over 5% of Binh Minh Plastics subsequent to its equitization. For the 6 months ending December 31, 2006, Net Investment Income was \$11.09 million of which \$7.57 million was attributed to Unrealized Gains on Investments.

Operating Expenses that primarily represented contractual fees and expenses paid to VNH's service providers and advisers were on track of the annual budget approved by the Board. After taking into account the \$3.38 million paid and accrued expenses for the first half of fiscal 2007, Net Asset Value increased by \$7.72 million for the same period.

VNH's cash position remained strong as Cash and Cash Equivalents by December 31, 2006 stood at \$70.90 million.

A significant part of VNH Board activities takes place in the Investment Committee under the leadership of Mr. John Hoey, Vice Chairman of VNH. Detailed reviews of the portfolio, deal pipelines, market conditions, risks and compliance combined with coaching of our talented Vietnamese staff has contributed to the performance of the VNH portfolio. The Investment Committee, on behalf of the VNH Board, has also approved investments greater than 4% of Net Asset Value at the time of purchase.

The VNH Board continues to work closely with the Executive Team and the Board of VNHAM to put in place internal control policies, operational procedures, and management reporting that support sound corporate governance. The Audit Committee, headed by Mr. Nguyen Quoc Khanh, concluded the selection of an independent accounting firm to perform VNH internal audit functions, pending formal approval by the Board in January 2007.

These financial statements have been approved by the VNH Board as of March 12, 2007.



**VIETNAM HOLDING**  
**Asset Management Ltd**

**VIETNAM HOLDING LTD.**  
Management Letter  
Unaudited Financial Statements  
December 31, 2006

**Operations**

The period began with VNHAM operating with a small staff from temporary offices, and holding a fully cash based asset portfolio. At December 31, the VNH Fund was nearly 25% invested in the securities of targeted companies in Vietnam. A growing staff was operating from impressive new offices in HCMC and preparing new permanent offices in Hanoi. VNH's Net Asset Value per share increased from \$1.92 at the start of the period to \$2.06 as at 31<sup>st</sup> December 2006.

**Investments**

VNHAM, on behalf of VNH, began to build a productive asset portfolio of Vietnamese companies in the period. Investee companies represent a broad array of business sectors, with concentrations in the Industrial, Oil and Gas, Building Material, Food Processing and Insurance sectors. In a steadily rising market, value based investments continued to be sought. This often resulted in inconsistencies between justifiable valuations and the prices in an overly hot market. Our investment emphasis remains on demonstrable value and the long-term interests of our shareholders. At the fiscal half year-end, our portfolio was characterized by both large and mid-cap companies in several business sectors critical to the future growth of Vietnam, with VNH poised to share in that growth.

**Liquidity**

As the VNHAM management staff in HCMC and Hanoi continued to assess suitable investment targets, VNH's portfolio remained largely invested in secure, high-quality liquid assets in Europe and Vietnam. Interest income exceeded \$2.8 million. Our quest for desirable long-term strategic securities in quality companies continued aggressively. Vietnam government policies provided strong tax incentives for companies, which privatized before December 31<sup>st</sup>. This resulted in a rush to the market and substantial new money chasing the best new securities. In this highly competitive environment, we were successful in dramatically increasing our invested portfolio, without sacrificing justifiable value pricing. In several cases, even aggressive pricing of bids was unable to win a portion of new offerings. Despite this, we were successful in investing approximately a quarter of our cash assets and are on track to be fully invested within the one-year time frame announced in earlier reports.

**Management**

After the adjustments in the company's initial staff, we are fortunate to have highly professional teams at work in our three offices. VNHAM Chairman Juerg Vontobel currently serves as acting Managing Director and spends approximately half of his time in Vietnam and half in our Zurich office. Local teams in Hanoi and HCMC are under the direct guidance of Deputy Managing Directors Nguyen Quang Duc and Nguyen Thi Tuong Vi, respectively. VNHAM has recently added two analysts to its Hanoi team as well as a Director as a senior member of its investment origination team in Ho Chi Minh City. We continue our search for a permanent Managing Director and are in active discussions with a potential Chief Investment Officer. Our Boards of Directors and Advisory Council members contribute regularly and fundamentally to the strategic and financial progress our company and VNH are enjoying.

**Financials**

As of December 31, 2006, the Net Asset Value of VNH stood at \$115.79 million and NAV per share was \$2.06.

VietNam Holding Limited  
Statement of assets and liabilities as at December 31, 2006

	<b>01.07.06</b>	<b>15.06.06</b>
	<b>to 31.12.06</b>	<b>to 30.06.06</b>
	<b>USD</b>	<b>USD</b>
<b>Assets</b>		
Investments in securities at fair value (note 2)	43,591,871	-
Cash and cash equivalents	70,903,621	108,099,247
Accrued interests	492,420	-
Interest on banks	315,333	-
Prepaid Investments	2,222,590	-
Prepaid Expenses	-	277,237
<b>Total assets</b>	<b>117,525,835</b>	<b>108,376,484</b>
<b>Liabilities</b>		
Accrued expenses	1,736,466	303,394
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>	<b>1,736,466</b>	<b>303,394</b>
<b>Net assets attributable to holders of redeemable shares (bid prices)</b>	<b>115,789,369</b>	<b>108,073,090</b>

The notes on pages 9 to 14 form an integral part of these financial statements.

VietNam Holding Limited  
Statement of Operations as at December 31, 2006

		<b>01.07.06</b>	<b>15.06.06</b>
		<b>to</b>	<b>to</b>
		<b>31.12.06</b>	<b>30.06.06</b>
	Notes	<b>USD</b>	<b>USD</b>
<b>Income</b>			
Interest income	5	2,835,874	358,563
Realized gain on investments		697,630	-
Net foreign exchange loss	3	-11,786	-
Movement in unrealized gain on investments	3	7,573,085	-
<b>Net investment income</b>		<b>11,094,803</b>	<b>358,563</b>
<b>Expenses</b>			
Investment Management fee	6	1,086,599	89,917
Advisory fees		95,146	3,854
Formation Expenses		-	4,627,542
Administration and accounting fees	8	55,033	5,328
Custodian fee	7	143,086	13,852
Directors' fees and expenses	6	201,333	42,667
Brokerage commissions		21,236	2,313
Transaction costs		22,500	-
Performance Fee	6	1,273,399	-
Audit fees		71,308	-
Insurance fees		64,000	-
Transfer agent fees		8,345	-
Rent and staff salary		121,250	-
Advisory and risk management		213,750	-
Other operating expenses		1,539	-
<b>Operating expenses before finance costs</b>		<b>3,378,524</b>	<b>4,785,473</b>
<b>Change in net assets attributable to holders of redeemable shares</b>		<b>7,716,279</b>	<b>-4,426,910</b>

The notes on pages 9 to 14 form an integral part of these financial statements.

VietNam Holding Limited

Statement of changes in net assets attributable to holders of redeemable shares as at December 31, 2006

		<b>01.07.06</b>	<b>15.06.06</b>
		<b>to 31.12.06</b>	<b>to 30.06.06</b>
	Notes	USD	USD
<b>Balance at beginning of the period</b>		108,073,090	-
Change in net assets attributable to holders of redeemable shares for the period		7,716,279	-4,426,910
Issue of redeemable shares during the period	4	-	112,500,000
Redemption of redeemable shares during the period	4	-	-
		<hr/>	<hr/>
<b>Balance at the end of the period</b>		115,789,369	108,073,090

The net asset value per share was USD 2.06 as per December 31, 2006

The notes on pages 9 to 14 form an integral part of these financial statements.

VietNam Holding Limited  
Statement of Cash Flows as at December 31, 2006

	<b>01.07.06</b>	<b>12.06.06</b>
	<b>to 31.12.06</b>	<b>to 30.06.06</b>
	USD	USD
<b>OPERATING ACTIVITIES:</b>		
Interest received	2,028,121	358,563
Operating expenses paid	-1,668,214	-4,759,316
Net foreign exchange loss to operating activities	-11,786	-
<b>Cash flows from operating activities</b>	<b>348,121</b>	<b>-4,400,753</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	-38,241,377	-
Proceeds from sale of investments	697,630	-
	<hr/>	<hr/>
<b>Cash flows from Investing activities</b>	<b>-37,543,747</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of redeemable shares	-	112,500,000
	<hr/>	<hr/>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>112,500,000</b>
Net increase in cash and cash equivalents	-37,195,626	108,099,247
Cash and cash equivalents at the beginning of the period	108,099,247	-
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>70,903,621</b>	<b>108,099,247</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 14 form an integral part of these financial statements.

## 1 THE COMPANY

VietNam Holding Limited (the Company) is a newly incorporated, closed-end investment holding company incorporated on April 20, 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on June 15, to invest principally in securities of former SOEs in Vietnam, prior to, at or after the time such securities become listed on the Vietnam Stock Exchange, including the initial privatisation of the SOEs. The Company may also invest in the securities of private companies in Vietnam, whether Vietnamese or foreign owned, and the securities of foreign companies if a significant portion of their assets are held or operations are in Vietnam.

The investment objective of the Company is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation.

Vietnam Holding Asset Management Limited (VNHAM) has been appointed as the Company's Investment Manager and is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions. quondam viet nam partners Ltd. has been appointed as VNHAM's Investment Advisor and is responsible for providing strategic advice to VNHAM on a non-exclusive basis.

Credit Suisse (Luxembourg) has been appointed to act as custodian of the Company's assets (as can be legally held outside of Vietnam). Vietnamese law requires that the Company's shares in Listed Companies must be held by a custodian registered as such in Vietnam and these assets will therefore be held by the Vietnam sub-custodian. HSBC (Vietnam) has been appointed to act as sub-custodian. Credit Suisse Asset Management Fund Service (Luxembourg) SA has been appointed to act as the administrator of the Company and to provide a range of administrative services to the Company (including the calculation of the Net Asset Value).

The registered office of the Company is Card Corporate Service Ltd, Zephyr House, Mary Street 122, Grand Cayman, Cayman Islands.

## 2 PRINCIPAL ACCOUNTING POLICIES

### (a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standard Board.

### (b) Basis of preparation

The financial statements are presented in USD and rounded to the nearest USD. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated at the rate ruling on the dates of the transactions. Monetary assets and liabilities, denominated in foreign currencies are re-translated to USD at the rates ruling on the period-end date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are included in the income statement. Foreign currency exchange differences relating to financial instruments held-for-trading are included in the realised and unrealised gains and losses on those investments. All other foreign currency exchange differences relating to other monetary items, including cash and cash equivalents, are included in net foreign exchange gain and losses in the income statement.

**(d) Financial instruments**

***(i) Classification***

The Fund designated all its investments into the financial assets at fair value through profit and loss category.

The category of financial assets and financial liabilities at fair value through profit and loss comprises:

Financial instruments held-for-trading. These include futures, forward contracts, options, interest rate swaps and liabilities from short sales of financial instruments. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held-for-trading.

Financial instruments designated at fair value through profit and loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange-traded debt and equity instruments, unlisted off-shore open-ended investments funds, unlisted equity instruments and commercial paper.

Financial assets that are classified as loans and receivables include balances due from brokers, receivables from reverse repurchase agreements and accounts receivable.

Financial liabilities that are not at fair value through profit and loss include balances due to brokers, payables under repurchase agreements, accounts payable and financial liabilities arising on redeemable shares.

***(ii) Recognition***

The Fund recognises financial assets held for trading on the trade date, being the date they commit to purchase the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of IAS 39.

***(iii) Derecognition***

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Assets held-for-trading that are sold are derecognised, and corresponding receivables from the buyer for the payment are recognised on the trade date, being the date the Company commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The weighted average method is used to determine realised gains and losses on derecognition.

***(iv) Measurement***

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost.

Valuation

Marketable securities are carried at fair value. The fair value of the securities is based on their quoted price at the balance sheet date without any deduction for transactions costs.

If quoted market prices are unavailable or do not, in the opinion of the Board of Directors, represent probable realisable values, or if the securities are not listed, the value of the relevant securities is ascertained by the Board Directors in good faith using valuation methods which they consider fair in the circumstances including quotes received from brokers and other third party sources where possible.

Any increase or decreases in carrying values are recognized in the statement of operations as an unrealised gain or loss.

**(v) Gains and losses on subsequent measurement**

Gains and losses arising from a change in the fair value of financial instruments are recognised in the income statement.

**(vi) Specific Instruments**

**Cash and cash equivalents**

Cash comprises current deposits with banks, fixed deposits, margin accounts and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**Forward foreign exchange contracts**

Forward foreign exchange contracts are stated at market value, with the resulting net realised and unrealised gains and losses reflected in the income statement.

**(e) Interest income and expense**

Interest income and expense is recognised in the income statement on an accruals basis.

Interest income includes the amortisation of any discount or premium on zero coupon bonds, which is taken to income on the basis of yield to redemption, from the date of purchase.

**(f) Miscellaneous income**

Miscellaneous income is recognised in the income statement on an accruals basis.

**(g) Formation expenses**

Costs and expenses attributable to the establishment of the Company have been settled in full.

**(h) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

**(i) Amounts due to/from brokers**

Amounts due to/from brokers represent security purchases and sales transactions which are contracted for but not yet delivered at the period end.

**(j) Redeemable shares**

The Company's general intention is to reinvest the capital received on the sale of investments. However, the Board may from time to time and in its discretion, either use the proceeds of sales of investments to meet the Company's expenses or distribute them to Shareholders. Alternatively, the Board may offer to redeem Ordinary Shares with such proceeds for Shareholders pro rata to their shareholding upon not less than 30 calendar days' notice to Shareholders (subject always to applicable law) or purchase Ordinary Shares pursuant to a tender offer to repurchase Ordinary Shares at a price not exceeding the last published Net Asset Value per Share.

**3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS**

Financial assets of the Company include investments, cash at banks and with brokers and debtors, prepaid expenses and accrued income. Financial liabilities include bank loans and overdrafts, creditors and accrued charges. Accounting policies for financial assets and liabilities are set out in note 2.

The Company's investment activities expose it to various types of risk that are associated with the financial instruments and the markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

Asset allocation is determined by the Company's Investment Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Manager.

**Market risk**

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether or not those changes are caused by factors specific to the individual asset or factors affecting all assets in the market. The Company will be exposed to market risk on all of its investments, but in the case of its investments in Listed Companies, such market risk relates to the Vietnamese market, which is at or near an all-time high, and other exchanges, if any, where the Company's investments are to be listed. Furthermore, there is no certainty that the market price of the Ordinary Shares will fully reflect their underlying net asset value. Shares of closed-end investment companies

frequently trade at a discount to net asset value. This characteristic of shares of a closed-end investment company is a risk separate and distinct from the risk that the Net Asset Value may decrease.

The overall market positions are monitored on a regular basis by the investment manager and the board of Directors.

#### **Currency risk**

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the USD.

The Company may, however, enter into arrangements to hedge currency risks if such arrangements become desirable and practicable in the future in the interest of efficient portfolio management.

#### **Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. At December 31, 2006, all the liquid assets were invested with highly rated credit institutions.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement and cash collateral provided against open contracts. Risk relating to unsettled transactions is considered small due to the short settlement period involved.

#### **Liquidity risk**

The Fund, a closed-end investment company, will invest in Companies through listings on the Vietnam Stock Exchange or on other stock exchanges. However, few companies have listed shares on the Vietnam Stock Exchange and there is no guarantee that the Vietnam Stock Exchange will provide liquidity for the Company's investments in Unlisted Companies. The Company may have to resell its investments in privately negotiated transactions.

The Fund's shares are listed on AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the United Kingdom Listing Authority. AIM has been in existence since June 1995 but its future success, and any liquidity in the market for the Company's securities, cannot be guaranteed. An investment in Ordinary Shares may be difficult to realise.

#### **Interest rate risk**

The Fund will be exposed to interest rate risk, due to investment in fixed interest rate bonds. The prices of these securities are sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the valuations of the fixed interest rate bonds to move in a direction which was not anticipated.

## 4 SHARE CAPITAL

The Ordinary Shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of \$100,000,000 divided into 100,000,000 Ordinary Shares of \$1.00 each. The one Ordinary Share in issue was transferred to the Investment Manager on 28 April 2006 and purchased by the Company on June 15, 2006 for \$1.00 and was immediately cancelled.

On 6 June 2006, the Board resolved that up to 56,250,000 Ordinary Shares would be allotted at a placing price of \$2.00 per Ordinary Share at, but conditional upon, Admission. The Ordinary Shares' ISIN number is KYG9361X1043.

<i>Issued and fully paid</i>	<b>31.12.06</b>	<b>30.06.06</b>
Balance at the beginning of the period	112,500,000	-
Issue of shares during the period	-	112,500,000
Redemption of shares during the period	-	-
Balance at the end of the period	112,500,000	112,500,000

Subject to relevant provisions of Cayman Island's law and the articles of incorporation, the Company may from time to time by not less than 30 calendar days' notice to the Shareholders redeem all or any

portion of the Shares held by the Shareholders at the redemption price denominated in USD. The holders are entitled to receive all dividends declared and paid by the Company.

5 INTEREST INCOME (in USD)

	31.12.06	30.06.06
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Interest Income arises from:

Bank Interest income	2,346,729	358,563
Interest on bonds	489,145	-
	<u>2,835,874</u>	<u>358,563</u>

6 RELATED PARTY TRANSACTIONS

**Investment Management fees**

The Manager is entitled to an investment management fee of 2% per annum on the monthly net assets under management. The fee is payable monthly and in advance and is calculated by reference to the NAV at the end of the preceding month.

The charges for the period for the Investment Management fee were USD 1,086,599.

The Company will pay to the Investment Manager a performance bonus each year at the rate of 20% of the annual increase in Net Asset Value over the higher of an annualised hurdle rate of 5% and a “high water mark” requirement.

A performance fee of USD 1,273,399 was accrued.

**Directors’ fees and expenses**

The Board will determine the fees payable to each Director, subject to a maximum aggregate amount of \$350,000 per annum being paid to the Board as a whole. The Company will also pay reasonable expenses incurred by the Directors in the conduct of the Company’s business including travel and other expenses. The Company will pay for directors and officers liability insurance coverage.

The charges for the period for the Directors fees were USD 126,333 and Director’s expenses were USD 75,000.

7 CUSTODIAN FEES

The custodian will receive a fee of 0,26% per annum of the value of the assets held by it. The custodian will also charge fees for transactions and are entitled to charge their out-of-pocket and any third party expenses.

The charges for the period for the Custodian fees were USD 143,086.

8 ADMINISTRATION AND ACCOUNTING FEES

The Administrator will receive a fee of 0.1% per annum calculated on the basis of the net assets of the Company during the last half year, with the fee payable at the end of each half year, subject to an annual minimum amount of 100.000 USD per annum.

The charges for the period for the Administration and Accounting fees were USD 55,033.

9 ADVISORY COUNCIL

The Advisory Council has been established to advise the Investment Manager and is comprised of business leaders, existing and former senior government officials and leading investment professionals. The Advisory Council provides the Investment Manager with strategic and transaction specific advice and input into policy discussions and also serves as an intermediary between the Investment Manager, on behalf of the Company, and domestic investment targets.

The annual Advisory Council fee is estimated to be USD 150,000. The charges for the period were USD 75,000.

10 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 31 December 2006.

11 FAIR VALUE INFORMATION

For certain of the Company's financial instruments not carried at fair value, such as cash and cash equivalents, debtors, prepaid expenses and accrued income and creditors and accrued charges, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Other financial instruments are measured at fair value on the statement of the net assets attributable to holders of redeemable shares.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.